

DOCKET FILE COPY ORIGINAL

Robert A. Figenscher
Director – Regulatory Accounting / Cost Separations

P.O. Box 360998 San Juan, PR 00936-00998 (787) 706-6578 rfingens@prtcmail.prtc.net

July 7, 2005

RECEIVED

Ms. Marlene H. Dortch Secretary Federal Communications Commission 445 12th Street S.W. Washington, D.C. 20554 JUL 1 1 2005

Federal Communications Commission
Office of Secretary

Re:

<u>Puerto Rico Telephone Company's Permanent Cost Allocation Manual for the Separation of Regulated and Nonregulated Costs</u>

Dear Ms. Dortch:

In compliance with the Orders of the Chief, Common Carrier Bureau released in accordance with the Commission's requirement in Docket 86-111, the Puerto Rico Telephone Company hereby files revisions to its Cost Allocation Manual (CAM).

The revision of the CAM primarily reflects changes that affect Section V, VI and VII as follows:

Section V

To reflect changes in transactions with affiliates.

Section VI

To clarify / correct apportionment bases and cost pools; to eliminate unnecessary cost pools.

Section VII

To increase accuracy and clarity in time reporting.

A. Figensher

We request these changes to be retroactive to January 1, 2005.

Please let me know if you have any questions.

Cordially,

Attachments

cc:

Ann D. Berkowitz Tamara Preiss Qualex International

No. of Cocies rec'd 4 3 List ARCDE

PUERTO RICO TELEPHONE COMPANY Transmittal Letter Matrix CAM Modifications July 1, 2005

			clarity.	
Section VII, Page 2	Time is reported in increments of one-quarter hour	Time is reported in increments of no more than one hour	То іпстеаѕе асситасу апа	
Account 7250	General Allocator	Indirect attribution based on the apportionment of regulated/nonregulated prior quarter net operating income.	clarity	annual impact on nonregulated operations of (\$729,671).
Section VI. Page 43.	Regulated/Monregulated Apportionment Basis:	Regulated/Nonregulated Apportionment Basis:	То іпстеляє асситасу либ	This change has an estimated
Account 7100	Indirect attribution based on regulated/nonregulated	Indirectly attributed following the procedures outlined in the FCC's Order in CC Docket 86-497, paragraph 86.	.764	annual impact on nonregulated operations of (\$32,058).
Section VI, Page 42.	Regulated/Nonregulated Apportionment Basis:	Regulated/Nonregulated Apportionment Basis:	To follow CC Docket 86-	This change has an estimated
	Cost Pool Apportionment: 1. Direct identification through PRTC account 6613 detail by cost center. 2. Based on an alanysis of the subject matter and associated costs of advertising campaign. Regulated/Nonregulated Apportionment Basis: 1. Indirect attribution based on apportionment of account 6611. 2. Directly assigned to regulated 3. Directly assigned to nonregulated 4. Marketing General Allocator, excluding wireless operations expenses.	Cost Pool Apportionment: 1. Direct identification through PRTC account detail. Regulated/Nonregulated Apportionment Basis: 1. Directly assigned to regulated 2. Directly assigned to nonregulated 3. Matketing General Allocator, excluding wireless operations expenses.		
ection VI, Page 38, secount 6613	Cost Pools: 1. Sales Promotion Administration 2. Regulated Product Service Advertising 3. Nonregulated Product Service Advertising 4. Common Advertising	Cost Poois: 1. Regulated 2. Nonregulated 3. Common	To eliminate unnecessary cost pools.	This change has an estimated annual impact on nonregulated operations of (\$7.091).
ection VI, Page 28, ccount 6121	٧/N		To increase accuracy and clarity.	No estimated impact on regulated operations.
	Management, Legal and Regulatory advice services billed by PRTC at Lower of FMV and FDC	Consulting and Management services billed by PRTC at Lower of FMV and FDC	describe the service.	No estimated impact on regulated operations.
ection V, Page 5	A Letted against against the lens I transported.	Telephone Materials and Equipment billed at Prevailing Price	To reflect the billing of Telephone Materials and Equipment at Prevailing Price	No estimated impact on regulated operations.
ection V, Page 4	Wireless Rosming Service provided to Cellco Partnership, billed by PRTC at Prevailing Price.	Witeless Roaming Service provided to Cellco Partnership, billed by PRTC at FDC.	PRTC provides this service at the higher of FDC and PMV.	No estimated impact on regulated operations.
ection V, Page 4		Renting building space to Verizon Information Services.	To reflect the space renting activity.	This change has an estimated annual impact on nonregulated operations of \$29,736
ection V. Page 3	GTE Telecommunications International, Inc.		To eliminate affiliate not conducting transactions with PRTC.	No estimated impact on regulated operations
CAM Ref.	Срапде Ргот	Срапде То	Reason	Quantification

PUERTO RICO TELEPHONE COMPANY, INC. PART 64 COST ALLOCATION MANUAL CURRENT PAGE INDEX

	SECTION	PAGES	DATE REVISED
I.	Introduction	1	12/31/04
		2	12/31/04
		2 3	12/31/04
		4	12/31/04
		5	12/31/04
II.	Description of Nonregulated Activities	1	12/31/04
			12/31/04
		2 3	12/31/04
		4	12/31/04
		5	12/31/04
		6	12/31/04
III.	Description of Incidental Activities	1	12/31/04
	·	2	12/31/04
IV.	Chart of Affiliates	1	12/31/04
		2	12/31/04
		3	12/31/04
V.	Affiliate Transactions	1	12/31/04
		2	12/31/04
		3*	07-01-05
		4*	07-01-05
		5*	07-01-05

^{*}This page contains other than basic format changes

SECTION	PAGES	DATE REVISED
VI. Cost Apportionment Tables	1	12/31/04
	2	12/31/04
	3	12/31/04
	4	12/31/04
	5	12/31/04
	6	12/31/04
	7	12/31/04
	8	12/31/04
	9	12/31/04
	10	12/31/04
	11	12/31/04
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	28*	07/01/05
	29	12/31/04
	30	12/31/04
	31	12/31/04
	32	12/31/04
	33	12/31/04
	34	12/31/04
•	35	12/31/04

This page contains other than basic format changes.

SECTION	PAGES	DATE REVISED
VI. Cost Apportionment Tables	36	12/31/04
(continued)	37	12/31/04
,	38*	07/01/05
	39	12/31/04
	40	12/31/04
	41	12/31/04
	42*	07/01/05
	43*	07/01/05
	44	12/31/04
	45	12/31/04
	46	12/31/04
VII. Time Reporting Procedures	1	12/31/04
· -	2*	07/01/05
	3	12/31/04
	4	12/31/04
	5	12/31/04
	6	12/31/04
	7	12/31/04
	8	12/31/04
	9	12/31/04

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Cost and FDC for "Fully Distributed Costing." Most services are provided on an on-going, usually monthly basis.

II. PRTC List of Affiliates

- 1. Verizon Information Services Puerto Rico, Inc. S. en C.
- 2. GTE Communication Systems Corporation
- 3. Verizon Corporate Services Group, Inc.
- 4. Verizon Network Services
- 5. Verizon Network Integration, Corp.
- 6. PRT Larga Distancia, Inc.
- 7. Verizon Data Services, Inc.
- 8. Verizon International Teleservices C. por A.
- 9. Coqui.Net Corp.
- 10. Codetel C. por A.
- 11. Cellco Partnership
- 12. Telus Mobility, Inc.
- 13. Telecomunicaciones Movilnet, C.A.
- 14. Codetel International Communications, Inc.
- 15. Verizon Dominicana C. por A.



Affiliate Transactions from PRT	to Affiliat	<u>e</u>					_
Asset / Service Provided	Verizon Information Services Puerto Rico, Inc. S. en C.	Coqui.net Corporation	PRT Larga Distancia, Inc.	CODETEL International Communications, Inc.	VERIZON DOMINICANA C.	Cellco Partnership	Telecomunicaciones Movilnet, C.A.
Tariffed Rate				(1
Telecommunications Services	M	M	M	M			
Publicly Filed Agreement							
Prevailing Price							
Billing and Collection Services	М	М	M			1	1
Telecommunications Carrier Services			М		1		
Wireless Roaming Service		1			M		М
Operator Services			M				
Assets - Higher of Fair Market Value and							
Net Book Cost		 					
Services - Higher of Fair Market Value							
and Fully Distributed Cost							
Directory Listings (FDC)	M						
Marketing and IT support (FDC)			M				
General Services (FDC)		М	M				
Building Space Rent (FMV)	M		M				
Network Surveillance Services (FDC)		M					
LD Switch Maintenance Services (FDC)			M				
Wireless Roaming Service (FDC)						M	
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Legend			1		<u> </u>		
D = Daily					ļ	_ 	
W = Weekly		-		 	 		
M = Monthly	- 	 	-		 		
Q = Quarterly			-				
A = Annually		+-	- 				
O = Occasionally		 				_ 	



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PUERTO RICO TICCOMPANY COST APPORTIONMENT TABLES

	COMMENTS									
	REGULATED/NONREGULATED APPORTIONMENT BASIS	1. Directly assigned to regulated.	2. Directly assigned to nonregulated.	33	Direct attribution based on relative regulated / nonregulated apportionent of the rented asset's use.	h) Indirect attribution based on	relative regulated / nonregulated apportionment of the sum of the common cost pools of accounts 2111 and 2121.	Indirect attribution based on relative regulated / nonregulated investment in account 2122.	Indirect attribution based on relative	regulated / nonregulated investment in account 2123.
	COST POOL APPORTIONMENT	1-2 Directly identified from PRTC's subaccounts detail.		3. Based on results of PRTC's House Service	Distribution Analysis (see account 2121 comment) applied to PRTC's subaccounts detail.			N/A	N/A	
	COST POOLS	1. Regulated	2. Nonregulated	3. Common	a) Operating Rents	b) Other Common Expense	,	Same as account	Same as account	
HallOOOV	DESCRIPTION	Land and Building Expense						Furniture and Artwork Expense	Office Equipment Expense	:
PART 32	ACCOUNT NO.	6121						6122	6123	

PUERTO RICO THE HONE COMPANY COST APPORTIONMENT TABLES

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COMMENTS	1. Cost pool 1 is not currently in use.				
REGULATED/NONREGULATED APPORTIONMENT BASIS	1. Directly assigned to regulated.	2. Directly assigned to nonregulated.	3. Marketing General Allocator, excluding wireless operations expenses.	Directly assigned to regulated.	Directly assigned to regulated.
COST POOL APPORTIONMENT	ugh			N/A	N/A
COST POOLS	1. Regulated	2. Nonregulated	3. Common	Same as Account	Same as account
ACCOUNT DESCRIPTION	Product advertising			Call Completion Services	Number Services
PART 32 ACCOUNT NO.	6613			6621	6622

PUERTO RICO TE HONE COMPANY COST APPORTIONMENT TABLES

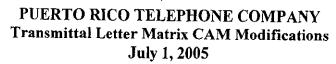
ACCOUNT DESCRIPTION		COST POOLS	COST POOL APPORTIONMENT	RI	EGULATED/NONREGULATED APPORTIONMENT BASIS	COMMENTS
Other operationg income and expense			Based on PRTC account/subaccount detail	1.	Indirectly attributed following the procedures outlined in the FCC's Order in CC Docket 86-497, paragraph 86.	
	2. O	Other Operation Gains and Losses		2.		
	(a	a) Regulated			(a) Directly assigned to regulated	
	(b	b) Nonregulated			(b) Directly assigned to nonregulated	
	(0	c) Common			(c) General Allocator	
	Other operationg income and	Other operationg income and 2. (c) (c) (c) (d)	Other operationg income and 1. Gains and Losses from Disposition	Other operationg income and content of Land and Losses from Disposition of Land and Artwork 1. Gains and Losses from Disposition of Land and Artwork 2. Other Operation Gains and Losses (a) Regulated (b) Nonregulated	Other operationg income and content of Land and Artwork 1. Gains and Losses from Disposition of Land and Artwork 2. Other Operation Gains and Losses (a) Regulated (b) Nonregulated	Other operation income and expense 1. Gains and Losses from Disposition of Land and Artwork Based on PRTC account/subaccount detail 1. Indirectly attributed following the procedures outlined in the FCC's Order in CC Docket 86-497, paragraph 86. 2. Other Operation Gains and Losses (a) Regulated (b) Nonregulated (b) Directly assigned to nonregulated

PART 32 ACCOUNT NO.	ACCOUNT DESCRIPTION	COST POOLS	COST POOL APPORTIONMENT	REGULATED/NONREGULATED APPORTIONMENT BASIS	COMMENTS
7210	Operating Investment Tax Credits - Net	Not applicable (zero balance)			
7220	Operating Federal Income Taxes	Not applicable (zero balance)			
7230	Operating State and Local Income Taxes	Same as account	N/A	Indirect attribution based on the apportionment of regulated/nonregulated prior quarter net operating income.	
7240	Operating Other Taxes	1. Property	Direct identification through PRTC subaccounts	Indirect attribution based on the apportionment of investment in total property plant and equipment (accounts 2001 and 2003).	
		2. Gross Receipts		2. Indirect attribution based on the relative regulated / nonregulated apportionment of gross operating revenue.	
		3. Nonregulated		3. Directly assigned to nonregulated	
		4. Other		4. General allocator.	
7250	Provision for Deferred Operating Income Taxes-Net	1. Property	Direct identification through PRTC subaccounts.	Indirect attribution based on the regulated/nonregulated apportionment of total plant in service.	Cost pool I is not currently in use.
		2. Non-Property		Indirect attribution based on the apportionment of regulated/nonregulated prior quarter net operating income.	

- Installers and Repairers Employees primarily engaged in installing, removing, rearranging, or maintaining customer equipment, PBX switching equipment, auxiliary station equipment, inside wiring, cabling, or outside wire, as well as incidental outside plant maintenance work. (Personnel of the Telephone Shop are not included in this Direct Labor Group; Test Board clerical forces are included.)
- Assignment and Repairs Clerks Employees primarily engaged in assigning telephone numbers, line equipment, cable and open wire facilities as required by service orders; cable and terminal box transfers; cutovers and other plant rearrangements; service order processing and dispatching; and receiving and maintaining trouble reports.
- Line-Cable Maintenance Workers Employees primarily engaged in placing, removing or rearranging (but not splicing or terminating) outside plant facilities.
- Splicers Employees primarily engaged in splicing aerial, underground, buried or submarine cable due to construction, removal, maintenance or rearrangements. They are also involved in the investigation of electrolysis troubles.
- Plant Technicians Employees primarily engaged in the technical functions relating to installation and repair of data transmission equipment, radios and electronic circuits.
- Inspectors Employees primarily engaged in the inspection of installation work completed by outside contractors and of repair work completed by company employees.
- Land & Building Workers Employees primarily engaged in repairing, painting or maintaining buildings.

Each Direct Labor Group employee is required to fill in a Daily Time Report, which is submitted to his or her supervisor. Time is reported in increments of **no more than one hour**, and the employee is responsible for reporting 40 hours per week and any overtime. The employee reports his time to field codes, which are classified as either regulated or nonregulated and are associated with appropriate accounts.

Employees are responsible for recording travel time to the appropriate field code or field codes. Also, the hours spent on job-related education are charged to the field code(s) to which the employee routinely charges his or her time.



CAM Ref.	Change From	Change To	Reason	Quantification
Section V. Page 3	GTE Telecommunications International, Inc.		To eliminate affiliate not conducting transactions with PRTC.	No estimated impact on regulated operations.
Section V, Page 4		Renting building space to Verizon Information Services.	To reflect the space renting activity.	This change has an estimated annual impact on nonregulated operations of \$29,736.
Section V, Page 4	Wireless Roaming Service provided to Cellco Partnership, billed by PRTC at Prevailing Price.	Wireless Roaming Service provided to Cellco Partnership, billed by PRTC at FDC.	PRTC provides this service at the higher of FDC and FMV.	No estimated impact on regulated operations.
Section V, Page 5		Telephone Materials and Equipment billed at Prevailing Price	To reflect the billing of Telephone Materials and Equipment at Prevailing Price.	No estimated impact on regulated operations.
Section V, Page 5	Management, Legal and Regulatory advice services billed by PRTC at Lower of FMV and FDC	Consulting and Management services billed by PRTC at Lower of FMV and FDC	To more accurately describe the service.	No estimated impact on regulated operations.
Section VI, Page 28, Account 6121	N/A		To increase accuracy and clarity.	No estimated impact on regulated operations.
Section VI, Page 38, Account 6613	Cost Pools: 1. Sales Promotion Administration 2. Regulated Product Service Advertising 3. Nonregulated Product Service Advertising 4. Common Advertising	Cost Pools: 1. Regulated 2. Nonregulated 3. Common	To eliminate unnecessary cost pools.	This change has an estimated annual impact on nonregulated operations of (\$7,091).
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Section VI, Page 42, Account 7100	Regulated/Nonregulated Apportionment Basis: Indirect attribution based on regulated/nonregulated apportionment of Account 2111.	Regulated/Nonregulated Apportionment Basis: Indirectly attributed following the procedures outlined in the FCC's Order in CC Docket 86-497, paragraph 86.	To follow CC Docket 86-497.	This change has an estimated annual impact on nonregulated operations of (\$32,058).
Section VI. Page 43, Account 7250	Regulated/Nonregulated Apportionment Basis: General Allocator	Regulated/Nonregulated Apportionment Basis: Indirect attribution based on the apportionment of regulated/nonregulated prior quarter net operating income.	To increase accuracy and clarity.	This change has an estimated annual impact on nonregulated operations of (\$729,671).
Section VII, Page 2	Time is reported in increments of one-quarter hour	Time is reported in increments of no more than one hour	To increase accuracy and clarity.	

PUERTO RICO TELEPHONE COMPANY, INC. PART 64 COST ALLOCATION MANUAL CURRENT PAGE INDEX

	SECTION	PAGES	DATE REVISED
I.	Introduction	1	12/31/04
	·	2	12/31/04
		3	12/31/04
		4	12/31/04
		5	12/31/04
II.	Description of Nonregulated Activities	1	12/31/04
		2	12/31/04
		3	12/31/04
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		5	12/31/04
		6	12/31/04
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		2	12/31/04
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	·	2 3	12/31/04
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Puerto Rico Telephone Company, Inc.

Revised: 07-01-05

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SECTION	PAGES	DATE REVISED
VI. Cost Apportionment Tables	1	12/31/04
1.1	2	12/31/04
	3	12/31/04
	4	12/31/04
	5	12/31/04
	6	12/31/04
	7	12/31/04
	8	12/31/04
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	31	12/31/04
	32	12/31/04
	33	12/31/04
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- 15. Verizon Dominicana C. por A.



Affiliate Transactions from PRT to Affiliate CODETEL International Communications, Inc. VERIZON DOMINICANA C. Verizon Information Services Puerto Rico, Inc. S. en C. Cellco Partnership Asset / Service Provided Coqui.net Corporation Tariffed Rate **Telecommunications Services** М М М М **Publicly Filed Agreement** Prevailing Price Billing and Collection Services М М М Telecommunications Carrier Services M Wireless Roaming Service M M Operator Services М Assets - Higher of Fair Market Value and **Net Book Cost** Services - Higher of Fair Market Value and Fully Distributed Cost Directory Listings (FDC) М Marketing and IT support (FDC) M General Services (FDC) М М Building Space Rent (FMV) M М Network Surveillance Services (FDC) М LD Switch Maintenance Services (FDC) М Wireless Roaming Service (FDC) M Legend D = Daily W = Weekly M = Monthly Q = Quarterly A = Annually O = Occasionally

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PUERTO RICO THE HONE COMPANY COST APPORTIONMENT TABLES

STAMMENTS	CONTINENT					
REGULATED/NONREGULATED APPORTIONMENT BASIS	1. Directly assigned to regulated.	2. Directly assigned to nonregulated.	Direct attribution based on relative regulated / nonregulated apportionment of the rented asset's use.	b) Indirect attribution based on relative regulated / nonregulated apportionment of the sum of the common cost pools of accounts 2111 and 2121.	Indirect attribution based on relative regulated / nonregulated investment in account 2122.	Indirect attribution based on relative regulated / nonregulated investment in account 2123.
COST POOL APPORTIONMENT	1-2 Directly identified from PRTC's subaccounts detail.		3. Based on results of PRTC's House Service Distribution Analysis (see account 2121 comment) applied to PRTC's subaccounts detail.		N/A	N/A
COST POOLS	1. Regulated	2. Nonregulated	3. Common a) Operating Rents	b) Other Common Expense	Same as account	Same as account
ACCOUNT DESCRIPTION	Land and Building Expense				Furniture and Artwork Expense	Office Equipment Expense
PART 32 ACCOUNT NO.	6121				6122	6123

PUERTO RICO TO PHONE COMPANY COST APPORTIONMENT TABLES

PART 32 ACCOUNT NO.	ACCOUNT DESCRIPTION	COST POOLS	COST POOL APPORTIONMENT	REGULATED/NONREGULATED APPORTIONMENT BASIS	COMMENTS
6613	Product advertising	1. Regulated	Direct identification through PRTC account detail.	Directly assigned to regulated.	1. Cost pool 1 is not currently in use.
		2. Nonregulated		2. Directly assigned to nonregulated.	
		3. Common		Marketing General Allocator, excluding wireless operations expenses.	
6621	Call Completion Services	Same as Account	N/A	Directly assigned to regulated.	
6622	Number Services	Same as account	N/A	Directly assigned to regulated.	

PUERTO RICO TO PHONE COMPANY COST APPORTIONMENT TABLES

PART 32 ACCOUNT NO.	ACCOUNT DESCRIPTION	COST POOLS	COST POOL APPORTIONMENT	REGULATED/NONREGULATED APPORTIONMENT BASIS	COMMENTS
7100	Other operationg income and expense	Gains and Losses from Disposition of Land and Artwork	Based on PRTC account/subaccount detail	Indirectly attributed following the procedures outlined in the FCC's Order in CC Docket 86-497, paragraph 86.	
		Other Operation Gains and Losses (a) Regulated (b) Nonregulated - (c) Common		(a) Directly assigned to regulated (b) Directly assigned to nonregulated (c) General Allocator	

PART 32 ACCOUNT NO.	ACCOUNT DESCRIPTION	COST POOLS	COST POOL APPORTIONMENT	REGULATED/NONREGULATED APPORTIONMENT BASIS	COMMENTS
7210	Operating Investment Tax Credits - Net	Not applicable (zero balance)			
7220	Operating Federal Income Taxes	Not applicable (zero balance)			
7230	Operating State and Local Income Taxes	Same as account	N/A	Indirect attribution based on the apportionment of regulated/nonregulated prior quarter net operating income.	
7240	Operating Other Taxes	1. Property	Direct identification through PRTC subaccounts	Indirect attribution based on the apportionment of investment in total property plant and equipment (accounts 2001 and 2003).	
		2. Gross Receipts		 Indirect attribution based on the relative regulated / nonregulated apportionment of gross operating revenue. 	
		3. Nonregulated		3. Directly assigned to nonregulated	
,		4. Other		4. General allocator.	
7250	Provision for Deferred Operating Income Taxes-Net	1. Property	Direct identification through PRTC subaccounts.	Indirect attribution based on the regulated/nonregulated apportionment of total plant in service.	Cost pool 1 is not currently in use.
		2. Non-Property		Indirect attribution based on the apportionment of regulated/nonregulated prior quarter net operating income.	

- Installers and Repairers Employees primarily engaged in installing, removing, rearranging, or maintaining customer equipment, PBX switching equipment, auxiliary station equipment, inside wiring, cabling, or outside wire, as well as incidental outside plant maintenance work. (Personnel of the Telephone Shop are not included in this Direct Labor Group; Test Board clerical forces are included.)
- Assignment and Repairs Clerks Employees primarily engaged in assigning telephone numbers, line equipment, cable and open wire facilities as required by service orders; cable and terminal box transfers; cutovers and other plant rearrangements; service order processing and dispatching; and receiving and maintaining trouble reports.
- Line-Cable Maintenance Workers Employees primarily engaged in placing, removing or rearranging (but not splicing or terminating) outside plant facilities.
- Splicers Employees primarily engaged in splicing aerial, underground, buried or submarine cable due to construction, removal, maintenance or rearrangements. They are also involved in the investigation of electrolysis troubles.
- Plant Technicians Employees primarily engaged in the technical functions relating to installation and repair of data transmission equipment, radios and electronic circuits.
- Inspectors Employees primarily engaged in the inspection of installation work completed by outside contractors and of repair work completed by company employees.
- Land & Building Workers Employees primarily engaged in repairing, painting or maintaining buildings.

Each Direct Labor Group employee is required to fill in a Daily Time Report, which is submitted to his or her supervisor. Time is reported in increments of **no more than one hour**, and the employee is responsible for reporting 40 hours per week and any overtime. The employee reports his time to field codes, which are classified as either regulated or nonregulated and are associated with appropriate accounts.

Employees are responsible for recording travel time to the appropriate field code or field codes. Also, the hours spent on job-related education are charged to the field code(s) to which the employee routinely charges his or her time.